GRAIN TRANSPORTATION REPORT

Agricultural Marketing Service
United States Department of Agriculture

OCTOBER 26, 1998

Wheat Export Potential. U.S. wheat growers may stand to benefit from pending policy changes, as well as circumstances in other world markets. Recent reports indicate that Brazil is one step closer to removing its ban on U.S. wheat exports. Since 1995, the Brazilian Government has banned the importation of U.S. wheat, due to several plant diseases, such as tilletia controversa kuhn (TCK smut). TCK smut has been found to be associated mostly with wheat grown in the Pacific Northwest and stored under cold-weather conditions. The decree, eliminating concerns about TCK-infected wheat, is to be followed by a second decree resolving concerns over approximately six other U.S. wheat diseases, according to Elena Queiroz, of Brazil's Department of Agriculture Protection. This, then, would allow the importation of U.S. wheat, according to Secretary of Agriculture Protection, Dr. Enio Marques Pereira, who spoke with *Reuters* early last week. Secretary Pererira set a firm date of November 9 to issue the second decree. At the time of the ban, Brazil was importing 623,000 metric tons of U.S. wheat and buying approximately $50 million worth of U.S. wheat annually. Since than, however, Brazil has been importing most of its wheat from neighboring Argentina, accounting for approximately 47 percent of Argentina's wheat exports. It has also been reported that Brazil's 1998 wheat crop will suffer in quality and yield due to heavy and consistent rainfall during the past 3 months. "There will definitely be a strong drop in the wheat crop," said Paulo Magno Rabelo, head wheat agronomist for Brazil's National Commodities Corps. Persistent rain, along with contributing frost damage, appears to be a significant factor in the decrease of Australia's wheat production and exports, as well. The Australian Bureau of Agricultural and Resource Economics recently reduced forecasts for wheat production by approximately 1.6 million metric tons (to 21.855 MT) and for wheat exports by approximately 2.7 million metric tons (to 13.7554 MT). An analyst stated that recent USDA wheat donations to Indonesia, a major Australian customer, are also playing a significant role in this decrease. Finally, speaking at a recent grain conference in Paris, Li Quangen, professor of grain economics at China's Nanjing University, stated, "...the absolute volume of grain imports will increase greatly" for China. However, he did not specify when this would happen. *(Bridge News, Reuters)*

Grain Storage In Illinois Is Tightest Since Late 1980's. Illinois may be facing its worst grain storage crunch since the late 1980's. As much as 25 million bushels of grain may be placed in either temporary or emergency storage within the next 3 weeks. Licensing has been approved to place 2 million bushels of grain in emergency outdoor ground piles, according to Stu Jackson, warehouse examiner and supervisor for the Illinois Department of Agriculture. Another 11 million bushels of temporary storage, consisting of walls and tarp covering, have also been approved. Jackson said, "I'm guessing maybe we will have 20-25 million bushels [in temporary or emergency storage within the next few weeks]. A little higher than it has been in the past." The 20- to 25-million-bushel figure would be the highest such total since some 40 million bushels of grain were similarly stored in the late 1980's. Vance Haugen, an extension agent in Crawford County, WI, says that Wisconsin producers are trying to keep grain in on-farm storage for as long as possible in hopes of higher prices. He said there is uncertainty about when that grain will move into the market, and the availability of transportation when it does start moving make it difficult to predict the extent of any ground piling. *(Bridge News)*

CN Slashes Work Force. Canadian National Railway (CN) has announced a major reduction in its work force in response to lower earnings in the third quarter but said it had nothing to do with a $4.1 billion debt caused by its $3 billion purchase of the Illinois Central. CN President Paul Tellier said 1,600 jobs will be cut this year and another 1,400 next year. When Tellier took over in 1992, CN had 32,000 workers. It now has 21,600, and the cuts will bring the work force down to 18,000 in Canada. Much of the decline is linked to lower grain and coal shipments and the General Motors strike. Freight carloads carried by CN declined 9 percent to 578,000 in the third quarter from 634,000 a year earlier. CN said the job cuts would save the company about C$150 million a year. Tellier said the cuts were part of the railway's efficiency drive. "We are trying to become the most efficient railroad in North America," he told the *Toronto Globe and Mail*. *(Traffic World)*

Note: The data represented on page 5 for the "Rail Deliveries to Port" sections have been estimated from October 1, 1998 to the present. The most current data will be provided as it becomes available.

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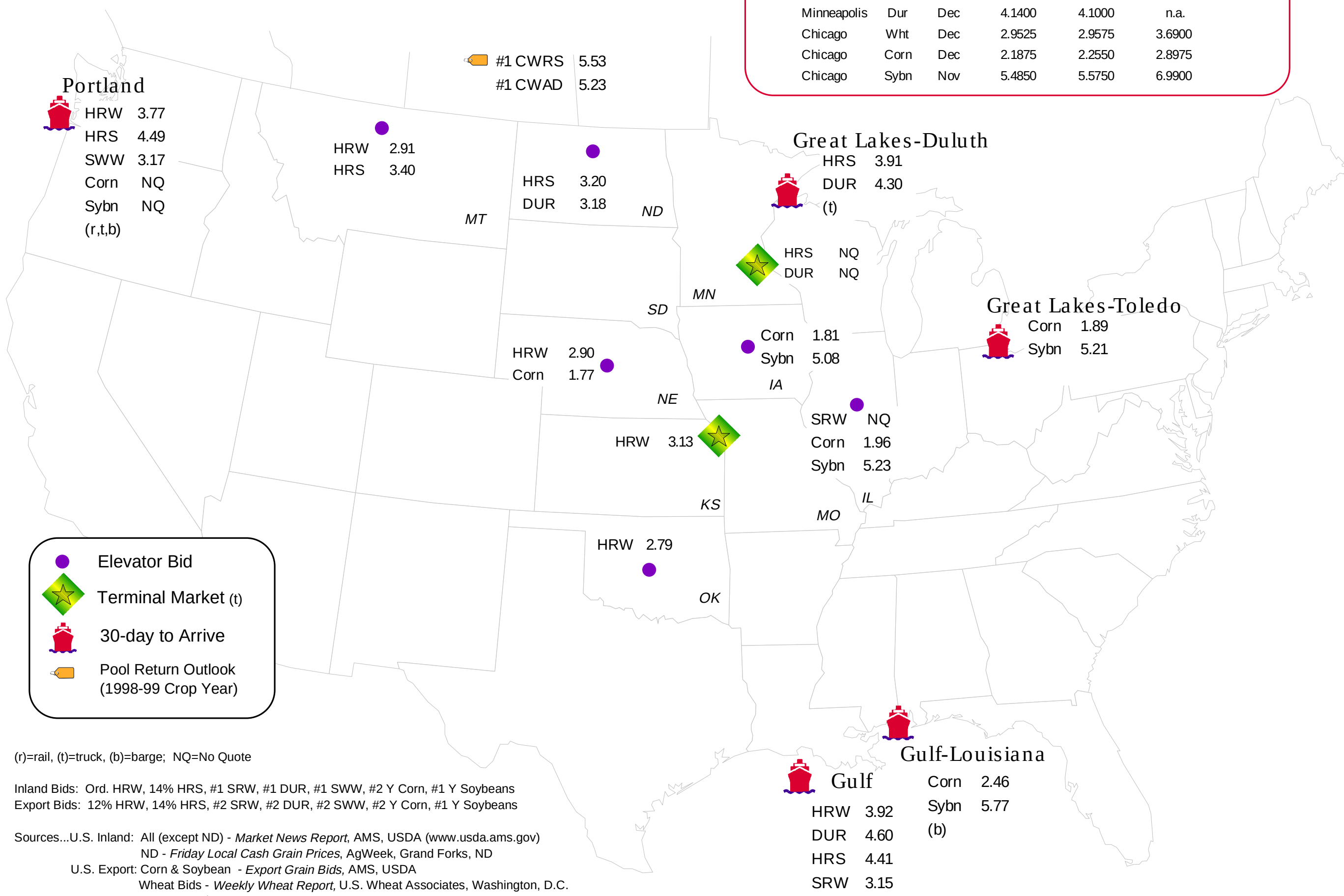
Grain Bid Summary

Futures:

			10/23/98	Week Ago 10/16/98	Year Ago 10/24/97
Kansas City	Wht	Dec	3.2700	3.2650	3.7975
Minneapolis	Wht	Dec	3.6550	3.6375	3.9875
Minneapolis	Dur	Dec	4.1400	4.1000	n.a.
Chicago	Wht	Dec	2.9525	2.9575	3.6900
Chicago	Corn	Dec	2.1875	2.2550	2.8975
Chicago	Sybn	Nov	5.4850	5.5750	6.9900

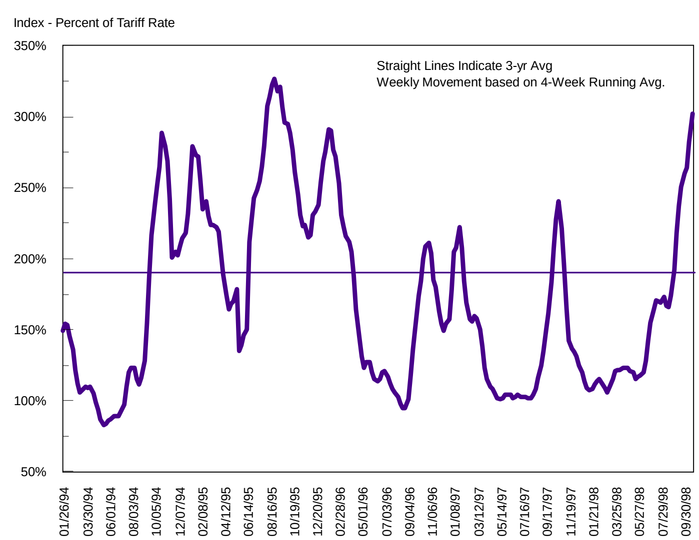


(r)=rail, (t)=truck, (b)=barge; NQ=No Quote

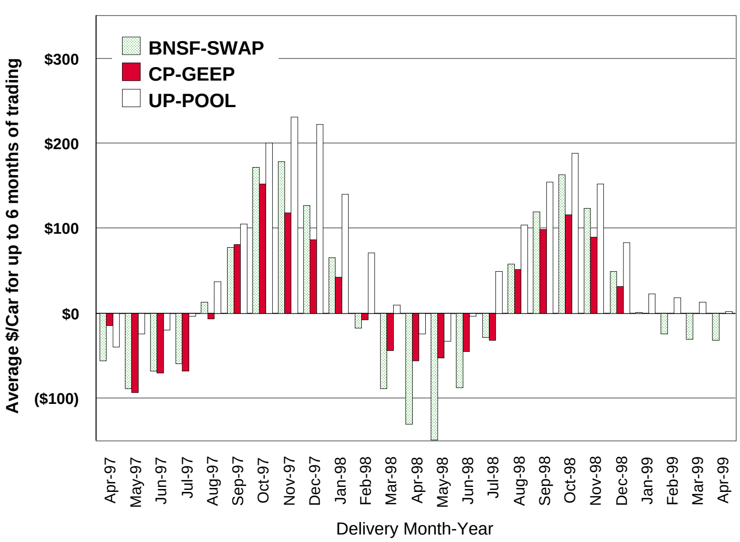
Inland Bids: Ord. HRW, 14% HRS, #1 SRW, #1 DUR, #1 SWW, #2 Y Corn, #1 Y Soybeans
Export Bids: 12% HRW, 14% HRS, #2 SRW, #2 DUR, #2 SWW, #2 Y Corn, #1 Y Soybeans

Sources...U.S. Inland: All (except ND) - *Market News Report*, AMS, USDA (www.usda.ams.gov)
ND - *Friday Local Cash Grain Prices*, AgWeek, Grand Forks, ND
U.S. Export: Corn & Soybean - *Export Grain Bids*, AMS, USDA
Wheat Bids - *Weekly Wheat Report*, U.S. Wheat Associates, Washington, D.C.
Canada: Bids in CAN$, Canadian Wheat Board, Winnipeg (www.cwb.ca)

Spot Barge Rate - Illinois River



Secondary Rail Market Bids



See the Grain Trax page at www.ugpti.org for more graphs of rail premiums.

Rail Car 'Auction' Offerings

Delivery for:	Nov-98		Jan-99	
	Offered	% Sold	Offered	% Sold
BNSF-COT	5,205	100%	5,303	37%
UP-GCAS	5,000	74%	5,000	0%

Source: Transportation & Marketing /AMS/USDA; www.bnsf.com; www.uprr.com

Secondary Rail Car Market

Average Premium/Discount to Tariff, $/Car - Last Week

		Delivery Period		
		Nov-98	Dec-98	Jan-99
BNSF-COT	no offer	$55	$15	$(9)
CP-GEEP	$7	$4	$0	$0
UP-Pool	$0	$28	$0	$9

Source: T&M/AMS/USDA. Data from Atwood/ConAgra., Harvest States Co-op, James B. Joiner Co., Tradewest Brokerage Co.;

GF=Guaranteed Freight, GEEP=Guaranteed Eqpt. Exchange, Pool=Guaranteed Pool

note... bids listed are market INDICATORS only & are NOT guaranteed prices, missing value=No Bid Quoted

Railroad Car 'Auction' Results

Average Premium/Discount to Tariff, $/Car - Last Auction

Delivery for:	Nov-98	Jan-99	Feb-99
COT/N. Grain	sold out	no bid	no bid
COT/S. Grain	sold out	no bid	no bid
GCAS/Region 2	no bid	no bid	no bid
GCAS/Region 4	no bid	$1	no bid

Source: T&M/AMS USDA. Data from www.bnsf.com, www.uprr.com,
(COT=Certificate of Transportation; GCAS=Grain Car Allocation System)

Southbound Barge Freight Nominal Values*

Index=Percent of Tariff, Based on 1976 Tariff Benchmark Rate

Week ended	River/Region	Contract Period	Rate
10/23/98	Mid Miss	twk	350
		11/1-14	300
		Nov	345
	St. Louis	twk	350
	Illinois River	Dec	275

Summary Of Daily Barge Trades Reported To St. Louis Merchants Exchange.

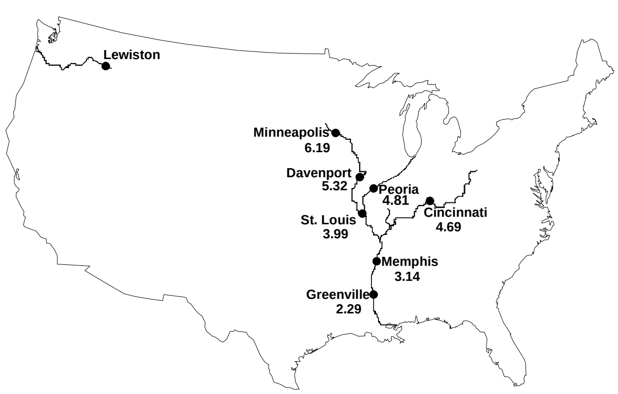
twk=this week
nwk=next week

Southbound Barge Freight Spot Rates

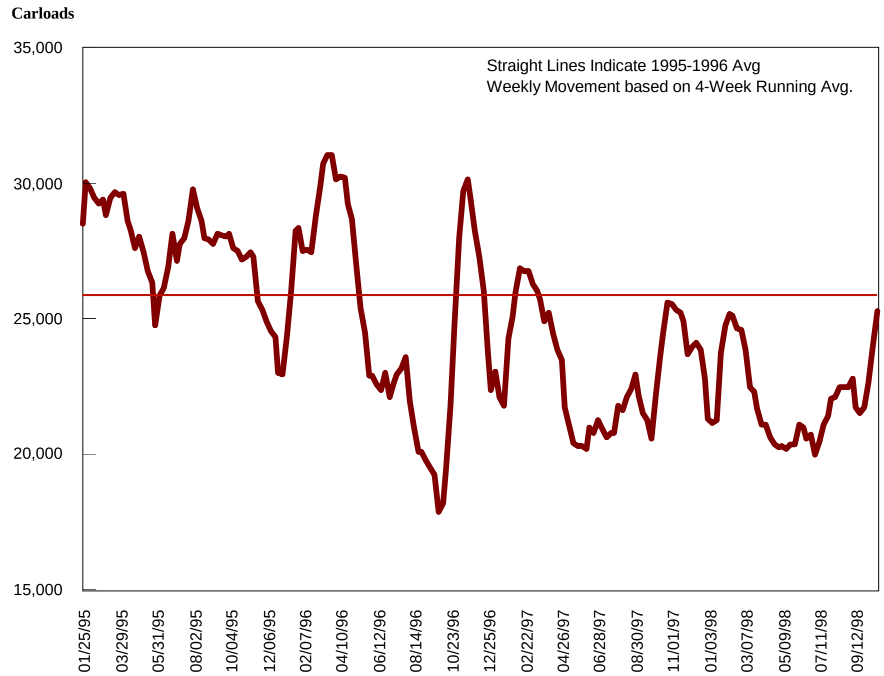
	10/21/98	10/14/98	Nov. '98	Jan. '98
Twin Cities	398	338	373	nq
Mid-Mississippi	346	313	236	nq
Illinois River	333	310	215	192
St. Louis-Cairo	326	295	180	129
Lower Ohio	281	291	186	141
Cairo-Memphis	313	281	173	125

Source: Transportation & Marketing /AMS/USDA
nq- no quote

Barge Benchmark Tariff Rates
Est. 1976 - 'Tariff No. 7'



Grain Car Loadings for Class I Railroads



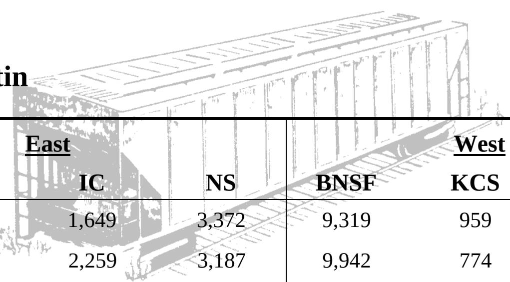
Class I Railroad Grain Car Loadings

Week Ending:	Carloads
10/3/98	26,883
10/10/98	25,128
10/17/98	26,766
Year to Date - 1998	913,934
Year to Date - 1997	940,804
Total 1997	1,199,995
Total 1996	1,235,123

Source: American Association of Railroads

Class I Rail Carrier Grain Car Bulletin

Carloads



	East				West			Canada	
	Conrail	CSXT	IC	NS	BNSF	KCS	UP	CN	CP
10/17/98	1,024	3,484	1,649	3,372	9,319	959	6,959	2,194	4,503
This Week Last Year	501	2,621	2,259	3,187	9,942	774	6,558	3,329	6,458
1998 YTD	29,242	95,311	62,237	101,974	333,397	27,233	264,540	90,165	170,513
1997 YTD	19,801	85,727	62,495	93,897	336,188	26,876	309,817	135,322	213,491
1996 Total	31,733	111,509	48,695	131,568	432,687	30,009	439,865	129,714	181,387
1995 Total	37,851	133,755	61,612	139,043	410,274	34,393	447,786		

Source: American Association of Railroads

Tariff Rail Rates for Unit Train Shipments

October 1998

Date Effective	Tariff Item	Commodity	Origin	Destination	Rate Per Car	Rate Per MT	Rate/Per Bushel*
10/01/98	45560	Wheat	Minneapolis, MN	Houston, TX	$2,050	$18.60	$0.62
10/01/98	43521	Wheat	Minneapolis, MN	Portland, OR	$4,027	$36.54	$1.21
10/01/98	46540	Wheat	Kansas City, MO	Houston, TX	$1,650	$14.97	$0.50
10/01/98	43586	Wheat	Kansas City, MO	Portland, OR	$4,012	$36.41	$1.20
10/01/98	43581	Wheat	Omaha, NE	Portland, OR	$3,905	$35.44	$1.17
10/01/98	31040	Corn	Minneapolis, MN	Portland, OR	$2,865	$22.87	$0.80
10/01/98	31035	Corn	Kansas City, MO	Portland, OR	$3,100	$24.74	$0.87
10/01/98	31040	Corn	Omaha, NE	Portland, OR	$2,485	$19.83	$0.70
10/01/98	61180	Soybean	Minneapolis, MN	Portland, OR	$3,230	$29.31	$0.97
10/01/98	61180	Soybean	Omaha, NE	Portland, OR	$2,930	$26.59	$0.88
05/01/98	61180	Soybean	Omaha, NE	Portland, OR	$2,780	$25.23	$0.83

Source: www.bnsf.com

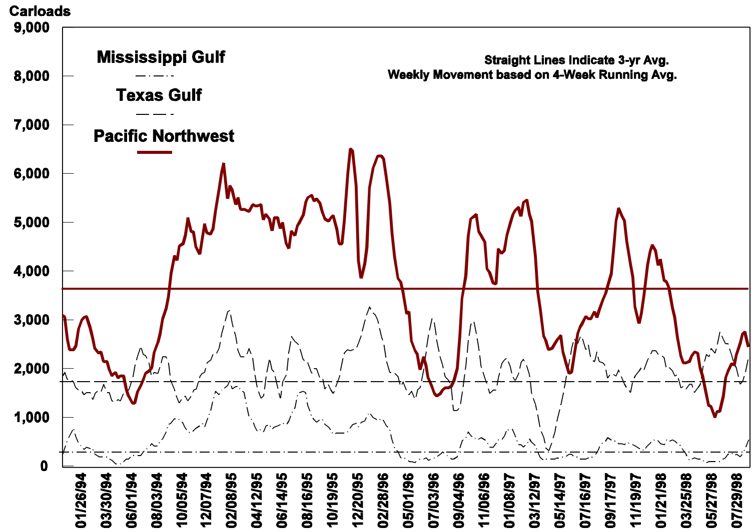
Approximate load per car = 100 tons: Corn 56 lbs/bu, Wheat & Soybeans 60 lbs/bu

Rail Deliveries to Port
Carloads

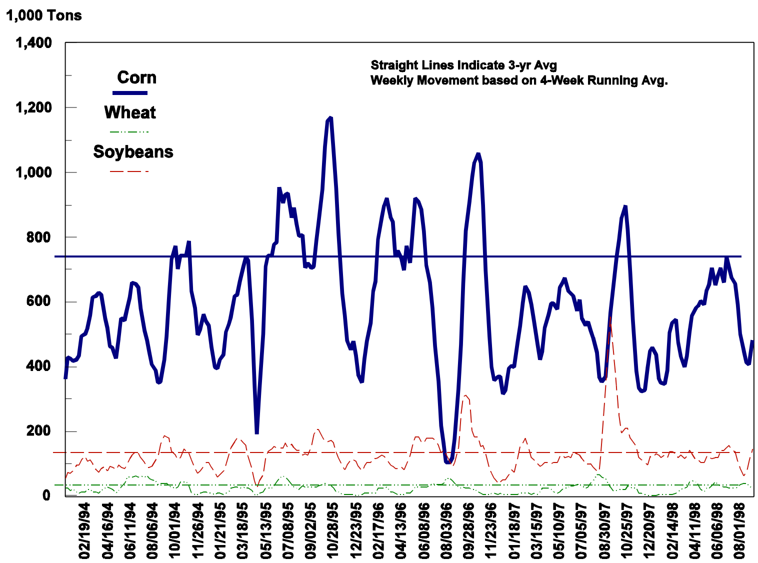
	Mississippi Gulf	Texas Gulf	Pacific Northwest	Atlantic & East Gulf
Week Ending:				
09/30/98	355	2,158	2,176	4
10/07/98	527	2,239	2,771	262
10/14/98	1,058	2,935	1,818	452
YTD 1998	13,394	85,916	106,397	7,488
YTD 1997	14,867	73,257	147,269	4,902
Total 1997	20,152	93,265	195,953	9,147
Total 1996	25,899	113,804	199,709	11,304

Source: Transportation & Marketing/AMS/USDA

Rail Deliveries to Port



Barge Movements - Locks 27



Barge Grain Movements
for week ending 10/17/98

	Corn	Wht	Sybn	Total
		1,000 Tons		
Mississippi River				
Rock Island, IL (L15)	265	0	162	427
Winfield, MO (L25)	411	11	163	585
Alton, IL (L26)	604	12	204	823
Granite City, IL (L27)	639	12	212	867
Illinois River (L8)	107	0	38	149
Ohio (L52)	24	6	23	89
Arkansas (L1)	0	14	0	14
1998 YTD	22,851	2,161	6,151	33,538
1997 YTD	22,284	2,305	6,447	33,659
Total 1997	29,685	2,689	9,584	45,315
Total 1996	34,210	2,348	8,297	48,963

Miss YTD: Calendar year totals include Miss/27, Ohio/52 and Ark/1.
Source: U.S. Army Corp of Engineers

U.S. Export Balances* (1,000 Metric Tons)

	Wheat						Corn	Soybean	Total
	HRW	*SRW*	*HRS*	*SWW*	*DUR*	*All*			
Unshipped Exports-Crop Year									
10/15/98	1,768	313	1,148	1,435	167	4,831	7,800	7,132	19,763
This Week Year Ago	1,686	448	1,078	684	343	4,239	7,126	9,869	21,234
Cumulative Exports-Crop Year									
98/99 YTD	4,607	899	2,562	1,973	382	1,042	4,840	1,892	7,774
97/98 YTD	4,273	2,934	2,629	2,238	557	12,630	5,141	2,549	20,320
96/97 Total	2,595	1,643	1,432	1,240	361	7,271	43,991	24,273	75,535
95/96 Total	9,867	6,792	8,918	6,443	897	32,917	55,769	23,550	112,236

Source: Foreign Agricultural Service YTD-Year-to-Date (fas.usda.gov) Crop Year: Wheat=5/31-6/01, Corn & Soybeans=9/01-8/31

Select U.S. Port Regions - Grain Inspections for Export - 1,000 Metric Tons

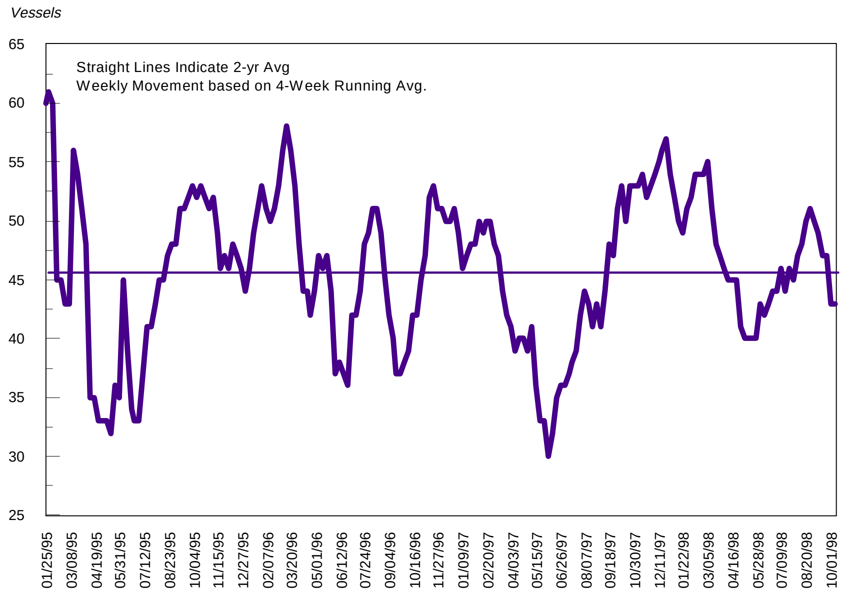
	Pacific Region			Mississippi Gulf			Texas Gulf		
	Wheat	*Corn*	*Soybean*	*Wheat*	*Corn*	*Soybean*	*Wheat*	*Corn*	*Soybean*
10/22/98	356	65	32	69	772	432	121	30	146
1998 YTD **	8,101	3,587	556	4,256	24,010	10,112	5,918	353	817
1997 YTD **	9,026	8,130	1,151	5,207	23,190	11,905	4,086	989	485
% of Last Year	90%	44%	48%	82%	104%	85%	145%	36%	168%
1997 Total	11,156	9,728	1,764	6,349	28,183	18,658	5,106	1,001	1,014

Source: Federal Grain Inspection Service *Year Ago-This Week a Year Ago ** YTD-Year-to-Date

Select Canadian Ports - Export Inspections
1,000 Metric Tons, Crop Year

	Wheat	Durum	Barley
Week Ended: 10/15/98			
Vancouver	1,163	146	15
Prince Rupert	53	0	0
Prairie Direct	104	59	48
Thunder Bay	219	58	16
St. Lawrence	370	278	0
1998YTD Exports	2,182	539	78
1997 YTD Exports	4,305	837	530
% of Last Year	51%	64%	15%

Souce: Canadian Grains Commission *Year Ago-This Week a Year Ago ** YTD-Year-to-Date Crop Year 8/1-7/31

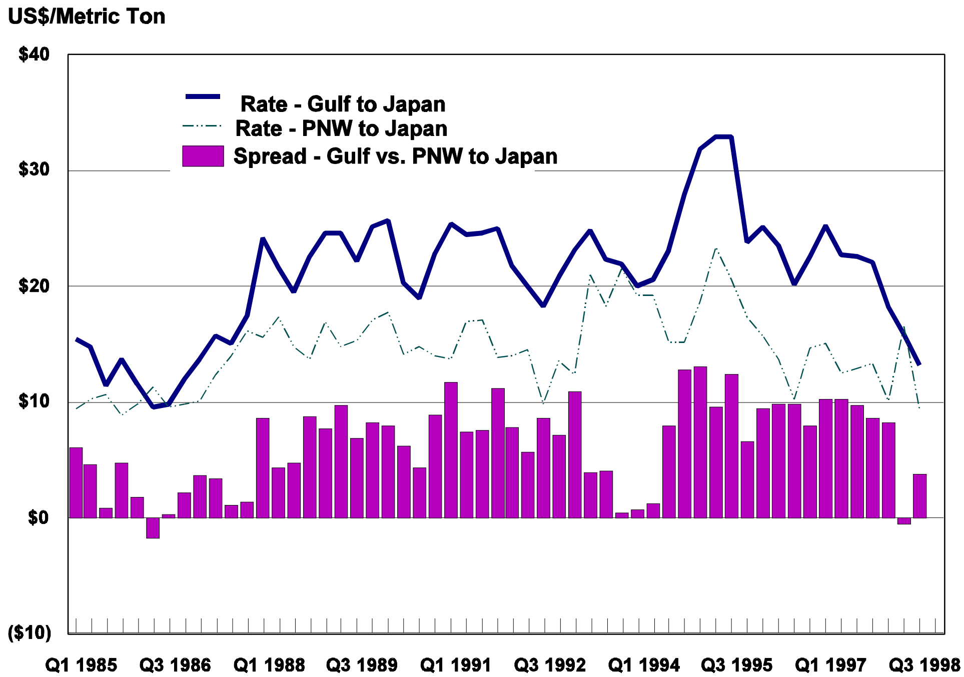


Gulf Region Vessels Loaded - Past 7 Days-

Port Region Ocean Grain Vessels

	Gulf			Pacific Northwest			Vancouver, B.C.		
	In Port	Loaded 7-Days	Due Next 10-Days	In Port	Loaded 7-Days	Due Next 10-Days	In Port	Loaded 7-Days	Due Next 10-Days
10/15/98	46	54	77	17			7	10	10
10/22/98	60	52	81	12			14	6	1
1997 Range	(11..52)	(25..61)	(31..89)						
1996 Range	(17..46)	(38..61)	(27..88)						
1997 Avg	33	45	58						
1996 Avg	38	46	62						
1995 Avg	31	46	61						

Source: Transportation & Marketing /AMS/ USDA



Quarterly Ocean Freight Rates

Quarterly Ocean Freight Rates
Weighted Average Rates & Vessel Size, U.S. Dollars/Metric Ton - Basis

	1998 3rd Qtr	1997 3rd Qtr	% Change		1998 3rd Qtr	1997 3rd Qtr	% Change
Gulf to				**Pacific NW to**			
Japan	$13.17	$22.55	-42%	Japan	$9.35	$12.92	-28%
Mexico	$16.33	$14.47	13%	Red Sea/ Arabian Sea		$19.23	
Venezuela	$10.30	$13.78	-25%				
N. Europe	$8.85	$13.23	-33%				
N. Africa	$13.87	$15.44	-10%	**Argentina to**			
				N. Europe	$12.15	$14.83	-18%
				Japan	$16.21	$25.56	-37%

Source: Transportation & Marketing/AMS/USDA

Ocean Freight Rates

Export Region	Import Region	Grain	Month	Volume Loaded (Tons)	Freight Rate ($/Ton)
Gulf	Venezuela	Heavy Grains	Prompt	22,000	$12.00
Gulf	Antwerp/Hamburg	Heavy Grains	Dec./Jan.	60,000	$9.40
Gulf	Casablanca (Morocco)	Heavy Grains	October	26,500	$11.50
Gulf	Malaysia	Heavy Grains	October	50,000	$14.50
Gulf	Taiwan	Heavy Grains	Oct./Nov.	52,300-54,000	$13.25-13.30
Gulf	Japan	Heavy Grains	Oct./Nov.	54,000	$13.25-13.85
Gulf	China	Wheat	November	50,000	$13.75
Port Cartier (Quebec)	Kosichang(Thialand)	Heavy Grains	October	62,000	$11.13

Source: Maritime Research Inc.